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Failed bank linked with drug trafficking, American CIA by Australian government

Canberra, Australia (Reuter)—An Australian government report said yesterday that a police investigation had uncovered evidence of a link between a failed Sydney-based merchant banking group and the U.S. Central Intelligence Agency.

The report was drawn up by a police task force probing alleged drug trafficking by the Nugan Hand Bank, which collapsed after its cofounder, Frank Nugan, was found shot dead in 1980.

There was strong evidence linking the other partner in the bank, Michael Hand, with CIA activity and that it continued into the 1980s, according to the report issued in Parliament.

Australia's administrative services

minister, Kevin Newman, said in a statement that senior U.S. officials had given assurances that the CIA had no involvement in the bank.

The deputy Labor Party leader, Lionel Bowen, told Parliament, however, that the report conflicted with these assurances and drew attention to allegations that the CIA had used the bank as its paymaster around the world.

The report listed 26 persons or groups allegedly connected both with drug trafficking in Australia and with the failed bank. It also named other persons allegedly linked with the bank who had U.S. intelligence and military ties.

The report said it was not drawing a

conclusion about CIA involvement with the bank, and its only recommendation was that further investigation was warranted.

However, it said there seemed to be little doubt that Mr. Hand became active with the U.S. military intelligence during military service in Vietnam and "there is some evidence to suggest that Hand retained his intelligence ties throughout the 1970s and into the 1980s."

The report said Mr. Hand disappeared from Australia in June, 1980, under a false passport, apparently with the assistance of a former U.S. military associate. Mr. Hand is now believed to be in the United States, the report added.